



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR FEBRUARY 19, 2009

NATURAL GAS MARKET NEWS

The National Weather Service said the weather will be warmer than normal for much of the southwestern US through May but added that temperatures across the rest of the country will be difficult to predict. It said forecast above normal temperatures in Utah extending south into Texas and western Louisiana from March to May and a narrow section of the US Northwest, Washington, Oregon and southern Alaska, will have cooler temperatures. The rest of the country has an equal chance of above, below or normal temperatures over the next three months.

The US Labor Department reported that initial claims for unemployment benefits were unchanged at 627,000 after seasonal adjustments in the week ending February 14th. The four-week average increased 10,500 to 619,000, the highest level since November 1982. The unemployment rate for workers with unemployment insurance increased by 0.1% to 3.7%, the highest level since July 1983. According to the report, the number of continuing claims increased by 170,000 to 4,987,000, a record high.

Ukraine's state energy firm Naftogaz has claimed that unpaid local debts are inhibiting its ability to pay for Russian gas on time. Last month, after a three-month standoff over unpaid debts, Ukraine and Russia signed a supply deal that called for Ukraine to pay for Russian gas on a monthly basis, a week after the month's supply. However, under the 10-year agreement, signed with Gazprom, if Ukraine is late on a single payment, the settlement switches to pre-payment.

Generator Problems

ECAR – Constellation Energy's 862 Mw Calvert Cliffs nuclear unit 2 ramped to full power on Thursday, up from 93%.

Detroit Edison's 1,100 Fermi 2 nuclear unit ramped to full capacity, up from 93% on Wednesday. The unit's output was cut to 90% capacity on Sunday for some brief unspecified maintenance.

WSCC – Southern California Edison's 1,070 Mw San Onofre unit 2 ramped up to 55% by early Thursday. On Wednesday, the unit exited a mid-cycle maintenance outage begun by Dec. 28.

SERC – Tennessee Valley Authority's 1,155 MW unit 1 at the Browns Ferry nuclear power station was shut by early Thursday. On Wednesday, the unit was operating at full capacity.

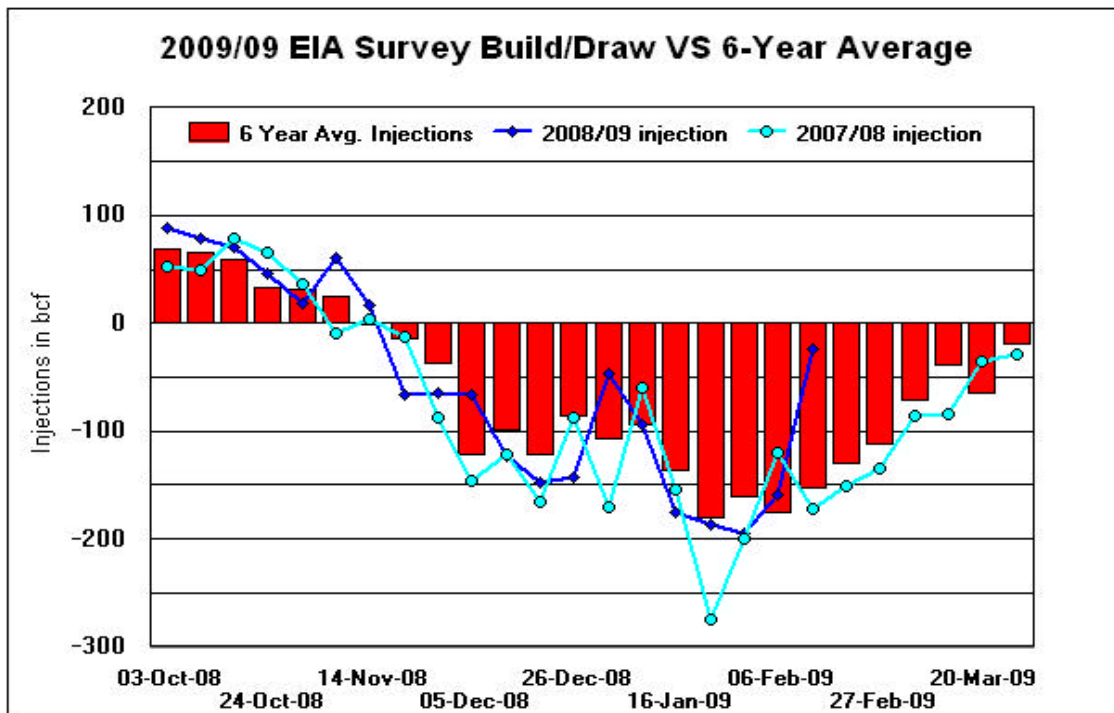
The NRC reported this morning that 91,302 Mw of nuclear generation capacity was on line, down 0.48% from Wednesday and 0.73% lower than the same time a year ago.

EIA Weekly Report

	02/13/2009	02/06/2009	Net chg	Last Year
Producing Region	737	721	16	617
Consuming East	947	972	-25	986
Consuming West	312	327	-15	216
Total US	1996	2020	-24	1819

*Storage figures in Bcf

Centrica expects to deliver three more cargoes of LNG into Britain in early 2009, according to Simon Bonini, director of LNG at the company, which owns British Gas. Centrica has bought six cargoes of the super-cooled gas since November and so far brought three of them into the Isle of Grain terminal in Kent.



Qatar's RasGas Co. Ltd. train six is expected to come on stream in March. Train seven is expected to start LNG production before the end of this year. Each train will produce around 7.8 million tons of LNG a year, said Hamad Rashid Al Mohammadi,

the company's managing director and chief executive officer.

Japan reissued a tender on Thursday to buy approximately 2,245 tons of LPG to store in its national reserves, after withdrawing a similar tender earlier this week. State-run Japan Oil, Gas and Metals National Corp is said to be seeking 1,675 tons of propane and about 570 tons of butane for the Kamisu storage facility in Ibaraki Prefecture, northeast of Tokyo.

PIPELINE RESTRICTIONS

MidAmerican Energy Holding's Northern Natural Gas unit declared force majeure on the Matagorda offshore pipeline system in the Gulf of Mexico. All receipts and deliveries will be shut in until further notice.

Dominion Transmission said it determined that operating circumstances could cause reduced pressures or flow rates at several delivery areas to a level below that required to reliably service DTI's customers at existing firm contract levels because based on weather forecasts, customers may take delivery of gas in excess of DTI's daily or hourly capability. As a result, Dominion said it will issue an operational flow order on Thursday that will require customers to limit delivery fluctuations to systems north of Lindley Gate Station and Stateline facilities in the northern portion of the Dominion operating area.

PG&E California Gas Transmission issued a system wide operational flow order for Thursday's gas day due to low inventory.

Natural Gas Pipeline Co is at capacity for deliveries to Trunkline-Lakeside for Thursday and until further notice. ITS/AOR and Secondary out-of-path Firm transports are at risk of not being fully scheduled. It also stated that it is at capacity for deliveries to Florida Gas-Jefferson for Thursday and until further notice. ITS/AOR and Secondary Firm transports are also at risk of not being fully scheduled. NGPL also stated Florida-Vermillion is at capacity for deliveries on Thursday and until further notice. ITS/AOR and Secondary firm transports are at risk of not being fully scheduled.

PIPELINE MAINTENANCE

Natural Gas Pipeline Co will shut the Enbridge Bryans Mill Lateral for Midcontinent Express Pipeline near Station 305 in Cass County, Texas from February 23-28. Deliveries to NGPL from Enbridge Bryans Mills will be unavailable during the outage. NGPL will also perform a hot tap on the Gulf Coast #1 Line near Station 302 in Liberty country Texas on February 24. NGPL shippers will not be impacted by the work. However, the Resaca Karankwa #1 Liberty location will be required to be shut in for the duration of the hot tap.

Canadian Gas Association

Weekly Storage Report

	13-Feb-09	06-Feb-09	15-Feb-08
East	92.9	97.2	109.8
West	187.8	196.2	160.9
Total	280.7	293.4	270.7

storage figures are in Bcf

ELECTRIC MARKET NEWS

The Federal Energy Regulatory Commission approved power shipping rates for two high voltage electric transmission lines that TransCanada Corp plans to build in the western US. The transmission lines will primarily deliver wind power from Montana and Wyoming to customers in southern Nevada and in southwestern states. TransCanada unit Chinook Power Transmission LLC is developing a 500 kv line that will stretch 1,000 miles from wind farms in Harlowtown, Montana to a delivery point near Las Vegas while Zephyr Power Transmission LLC is working on a 500 kv line that will connect wind farms in Wyoming to Las Vegas. The lines will serve Las Vegas, Los Angeles, Phoenix and other southwest energy markets.

California has added 516 megawatts of renewable power projects in 2008, up from 113 megawatts in 2007. Solar projects took the lead in 2008, up 30% compared to 2007. According to a report by California Public Utilities Commission, "This may represent the end of the start-up phase of the RPS program, as contracts signed in the earlier years of the program are now built and the renewable market begins to mature." California requires its investor-owned utilities to have 20% of power deliveries generated from renewable power by the end of 2010 and 33% by 2020.

SunPower Corp, GE, California's Lake County and the Lake County Sanitation District announced the completion of a 2.2 Mw solar electric power system on three sites. The 2.2 Mw SunPower system will avoid more than 131 million pounds of carbon dioxide emissions over the next 30 years, equivalent to removing about 11,000 cars from the road.

MARKET COMMENTARY

The natural gas market, which posted a high of \$4.28 in overnight trading, saw some choppy trading as the open outcry session began and the market awaited the release of the EIA natural gas inventory report. The market immediately nosedived following the release of the stock report showing a 24 bcf withdrawal, well below market expectations of a 57 bcf withdrawal, which was already below last year's draw of 157 bcf and the five-year average of 155 bcf. The latest draw brings the total amount of gas in storage to 1.996 tcf, or 8.4% above the five-year average and 9.7% above last year's level. The natural gas market extended its losses to over 21 cents and posted a low of \$4.001, a low not seen since November 15, 2002 when the market posted a low of \$3.90. It later retraced some of its losses and settled in a 10 cent trading range from its low to \$4.103 during the remainder of the session. It settled down 13.6 cents at \$4.078.

The natural gas market is still in a downward trend and any gains the market sees will remain limited, with resistance just above \$4.50. Today's small stock withdrawal suggests further deterioration in industrial demand and with the lack of supportive news cutbacks in industrial demand will likely continue further pressuring the natural gas market as stocks remain at comfortable levels. The market is seen finding resistance at \$4.196, basis its downward channel, \$4.238, \$4.322-\$4.39, \$4.399 and \$4.517. Support is seen at \$3.959, \$3.858, basis its downward channel, \$3.841 and \$3.68.